

European Cluster Policy Group

Consolidated Set of Policy
Recommendations on Four Themes

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Introduction

The overall mandate of the European Cluster Policy Group¹ has been "to improve the Commission's and Member States' understanding of modern policy responses in support of cluster excellence" and "make recommendations on how to better design cluster policies in the Community."² On the request of the Commission, the Group has structured its work programme around the following four key themes:

- I. Better Support to International Cluster Cooperation (discussed at meeting held April 2009)
- II. The Role of Clusters in Support of Emerging Industries (discussed at meeting held September 2009)
- III. Raising the Excellence of Clusters and Cluster Organisations (discussed at meeting held January 2010)
- IV. Creating Better Synergies between Community Instruments with a Cluster Dimension (discussed at meeting held June 2010)

For each theme, two Group members prepared rapporteur briefs – highlighting their perspectives on key issues related to the theme. In addition, other discussion materials and key questions were distributed in advance of each meeting. Group members provided written input to these questions.

During meetings, outside expert presentations supplemented presentations made by the two rapporteurs, and Group members engaged in discussion to identify key policy recommendations for each theme. Following each meeting, policy recommendations were further elaborated and revised based on input from Group members. Preliminary policy recommendations for each theme were approved at the Group's next meeting, and published on the PRO INNO Europe website.

The preliminary policy recommendations have been revised in order to group similar recommendations and remove some suggested actions. Some suggested actions, e.g. on improving data or addressing framework conditions, appear in multiple themes. In addition, some recommendations made early in the Group's mandate have already been addressed. The resulting consolidated set of policy recommendations highlights the more targeted suggestions relevant for each theme, and serves as a supporting document to the ECPG's final report (*European Cluster Policy Group Final Recommendations – A Call for Policy Action*).

Each of the four sets of policy recommendations is introduced by a general description of the theme. This is followed by the justification and suggested actions for each recommendation.³

¹ Later referred to as ECPG or the Group.

² Commission Decision 2008/824/EC.

³ Actions are suggested on different levels: The EU level (EU institutions generally or the Commission specifically), Member State level (national or regional government/agencies) and the cluster level (clusters in a broad sense and more formally-organised clusters initiatives/cluster organisations).

I. Better Support to International Cluster Cooperation

Introduction

European clusters are generally considered to lack the critical mass necessary to compete in markets that reach beyond the region in which they are located. To build critical mass, these clusters have to reach out and link-up to other clusters in order to get access to new markets, research experts and knowledge infrastructure. By linking companies, centres of research and universities across borders, clusters will be able to make better use of existing infrastructure and take advantage of economies of scale. This in turn can lead to the creation of some of the world's leading innovation hubs in European macro regions or zones with a rich ecosystem of actors from various clusters.

At present, the supporting organisations for clusters and their member firms devote much energy to fostering cooperation between the actors within the cluster/cluster initiative. Such practise is not sufficient to achieve the level of (world-class) excellence that is necessary in order to compete in markets that go beyond the region where the clusters are located. Creating stronger linkages between clusters in different locations which offer complementary strengths is the only way that access to the most advanced technologies and best know-how may often be found.

Even though, as evidence shows⁴, most actors involved in clusters are interested in learning from and developing concrete activities with partners in other geographical locations internationally, there are few examples of systematic strategies and structured activities at the organisation level aimed specifically at fostering international cluster cooperation.

The first task of the European Cluster Policy Group was to formulate recommendations on how to enhance international cluster cooperation to facilitate the creation of more world-class clusters in Europe.

Recommendation 1: Provide Data on the Real Cluster Landscape

Justification

Collaboration between clusters occurs if there is knowledge about potential partners and their complementary capabilities. Mapping of cluster competencies and readiness to engage in international cooperation is an instrumental fact base for match-making activities. At present, only partial information exists. More information can help to reduce the traditional barriers of language, legacy, and administrative rules and regulations that have limited clusters' collaboration in Europe, and led to too little specialisation and integration into European/global value chains. At the same time, improved mapping and knowledge of the "real cluster landscape" in Europe would support policymakers' efforts to formulate more evidence-based strategies and evaluate the success of their policy initiatives. This information also facilitates the strategy work of the clusters themselves.

The Commission is well-placed to enable the provision of such data – even though some of the relevant information (and targeted partners) will be outside of the EU. The existing European Cluster Observatory provides an appropriate platform for supplying consistent and coherent data on clusters and cluster organisations (including cluster profiles, showing fields of expertise where match-making could take place), and should be further developed.

⁴ See, among others: Meier zu Köcker and Buhl (2007), *Internationalization of Networks – Barriers and Enablers*, Berlin.

I. Better Support to International Cluster Cooperation

Suggested Actions

1.1. The European Commission should provide an open and interactive platform on which more detailed information on clusters could be registered and used by the clusters themselves.⁵

a) Cluster organisations should be able to provide information on resources (firms, institutions, etc.), competencies/areas of specialisation, scientific/technological strengths, contact information, and interest (willingness, readiness, objectives) in international cooperation – using a standard template.

b) The platform should enable social networking functionality – i.e. an online venue where enterprises and other interested organisations in need of partners can directly get in touch with a pan-European network of organisations that share common problems and can help each other in the search for common solutions.

c) Existing European networks (e.g. Enterprise Europe Network) and Member States should facilitate these efforts.

d) The platform should be open for non-EU clusters to register and interact with other clusters.

1.2. The European Commission should work together with other EU institutions and Member States to expand statistical data available through the European Cluster Observatory to include data on performance and framework conditions, and at greater levels of disaggregation (i.e. at NUTS3 level).

a) In addition to data on employment, other performance data (e.g. value-added, labour and total factor productivity, pricing and wage levels) should be provided.

b) Common indicators and methods for collecting data on framework conditions for clusters should be developed.

1.3. The European Commission should solicit (perhaps through the European Cluster Excellence Initiative) the development of case studies of excellent-performing clusters in international cooperation.

⁵ This is currently being addressed by the Cluster Collaboration Platform to be launched September 2010.

Recommendation 2: Promote Strategic and Commercial Networking of Clusters

Justification

While networking is important between regional cluster stakeholders, there is a need to focus on more collaborative and strategic networking processes that aim at creating synergies, transferring knowledge, developing commercial relationships and strengthening innovation and market position in order to stimulate internationalisation in European clusters.

There are already enough funds invested in clusters, but they are not sufficiently flexible or demand-oriented to support the internationalisation of clusters and cluster cooperation. Nor are the funds geared for foreign “target clusters”, as foreign clusters cannot normally receive any support, even though such openness would significantly support internationalisation efforts of domestic clusters. Therefore, to support two-way internationalisation of clusters, one needs to look at the national⁶ and EU-level funding schemes⁷ available for internationalisation of clusters.

Suggested Actions

To increase international cooperation between clusters and facilitate dynamism in European innovation ecosystems, a number of actions have been suggested:

2.1. The European Commission should offer co-funding of national programmes that allow funding of cluster participants located in other EU Member States.

2.2. The European Commission should improve networking of clusters within the EU and globally through financial schemes/programmes geared specifically to commercially-collaborative projects on EU-level and internationally.

2.3. European institutions and Member States should take on more focused efforts to ensure the market conditions conducive for international cooperation – including low administrative burdens, quick entry of new products to European markets, and favourable living conditions for international staff.

2.4. The European Commission should solicit the development of a toolbox for cooperation among clusters aiming for international networking and internationalisation.⁸

⁶ An example of a national scheme is the Cluster Insight Report call of the German Federal Ministry for Education and Research, launched in February 2009. The Cluster Insight Report aims to facilitate the first actions for German cluster managers to get in contact with respective foreign clusters or regional networks.

⁷ An example of an EU-level initiative is the Euro-Mediterranean Charter for Enterprise, which supports strengthening Euro-Mediterranean networks and partnerships. For more information, please see http://ec.europa.eu/enterprise/policies/international/files/euromedcharterf1949_en.pdf

⁸ The TACTICS task force on Fostering International Cluster Cooperation, led by Northwest Development Agency in the UK, has already initiated work on a toolbox for assessing and addressing needs of clusters interested in going international through mechanisms such as the UK's Passport to Export diagnostic tool.

Recommendation 3: Promote International Mobility of Cluster Actors

Justification

Despite the existence of the European common market, there are still a number of barriers that hinder the exchange and use of knowledge across borders – resulting in limited labour mobility. International exchange of cluster actors, both within and outside of Europe, would support the dissemination of international best practices and lead to the development of new knowledge, skills and networks. Different types of mobility frameworks should target different cluster actors (including companies, academics and managers) with different aims (including increased business-to-business interactions, strengthened university-industry collaborations, professional development of cluster managers, investment promotion, etc.).

Mobility programmes should facilitate not only the development of individuals, but should also provide clusters with the opportunity of expanding their strategic network of contacts and scouting for active (commercial) collaboration possibilities.

Increased mobility between cluster actors can also have the effect of increasing specialisation and consolidation of clusters. As human capital gets exposed to other cluster contexts and has the choice of moving to the most attractive location, competition between localities will increase. Clusters will become more effective at forming international collaborations, and will become increasingly specialised over time. This would strengthen the

level of cluster excellence and help develop trust between cluster actors internationally – creating the conditions necessary for the internationalisation of commercial activities between clusters.

Although there are number of initiatives at the European level which are targeted at the international exchange of talent, there are limited examples of mobility programmes between clusters.⁹

Suggested Actions

To further facilitate international cooperation between clusters, the Commission and Member States should explore the following possibilities:

3.1. The European Commission and Member States should develop transnational mobility schemes for cluster actors (including companies, academia and managers).

3.2. The European Commission should expand Marie Curie actions¹⁰ to include firm employees and cluster managers (and not just researchers).

3.3. The European Commission should explore the development and piloting of a European Cross-Cluster Mentoring Programme¹¹ – targeted at developing specific competencies needed in cluster management between senior experts (mentors) and young trainees.

⁹ The Medicon Valley Life Science Ambassador Programme is one example of a mobility programme between clusters. See more info at: www.mva.org/ambassador_programme

¹⁰ For more information about the Marie Curie actions, please see: http://cordis.europa.eu/fp7/mariecurieactions/guide_en.html

¹¹ Developed within the framework of the CEE Cluster Network project

II. The Role of Clusters in Support of Emerging Industries

Introduction

New industries and services emerge not only as a result of new technologies and entrepreneurial savvy, but also as a result of the renewal, transformation or intersection of existing economic activities. The evolution of economic activities occurs to take advantage of new opportunities (e.g. technological advances) and address new needs (related to e.g. climate change, energy and public welfare). Emerging industries can thus be grouped into three different types:

- Existing knowledge applied in new ways to existing needs
- Existing knowledge applied to new needs
- New knowledge applied to existing or new needs

Clusters can offer a favourable ecosystem in which new industries flourish and grow stronger. They foster the interaction and collaboration between different creative milieus and innovation actors (including users/customers) in a region, and promote entrepreneurship by providing a fertile business environment for emerging high growth firms.

In general, cluster programmes focus on ways to strengthen existing strengths and develop existing clusters. In the case of emerging industries, neither existing strengths nor existing clusters can be assumed pre-conditions. That is why the role of clusters might be different for emerging versus established industries, and why different areas of focus and different cluster policy tools might be needed. There is a need for more focus on general framework conditions, an opportunity to think more systematically about how new industries can

can emerge from existing clusters, and a need to adjust cluster support to the needs of emerging industries.

The second task of the European Cluster Policy Group was aimed at formulating recommendations on how clusters may be used as policy instruments to enhance the development of emerging industries.

Recommendation 1: Give Appropriate Focus to Strong Framework Conditions

Justification

The emergence and growth of new industries requires an appropriate and fertile environment. If this is in place, viable clusters can flourish and may also provide fertile ground for further innovation.

There are a number of weaknesses in the business environment for innovation that the EU is uniquely placed to address. They are well known and include general issues such as the need for further deepening of the internal market, more effective provision of risk capital, less red tape, and more attractive conditions for entrepreneurship, as well as innovation-specific issues such as the need for strengthening the European university system and adopting a Community-wide patent.

II. The Role of Clusters in Support of Emerging Industries

Although the realm of general framework conditions is outside of the scope of cluster efforts, the presence of strong framework conditions is vital for the emergence of new industries and clusters – as well as for the growth and development of existing clusters. Given the absence of existing strengths or cluster ecosystems, emerging industries are particularly reliant on the existence of infrastructure, financial and human capital, and an innovation-friendly business environment.

Suggested Actions

There is a need for action – not just by the Commission, but by the whole of the EU – to ensure fertile ground for innovation and entrepreneurship, and secure the appropriate conditions for the emergence of new industries. A number of areas are of particular significance:

1.1. The EU should finally adopt a Community Patent and a Common Litigation System. IP protection should be easy and cheap to obtain, and IPR systems should be harmonised across the EU – removing one of the largest barriers to transnational clusters.

1.2. The EU should develop a new approach to finance innovation and promote innovative financing models, based on a better understanding of companies' needs, knowledge and skills to boost clusters' growth and transformation.

Innovation plays a key role in allowing and supporting the development of clusters in new industries/services; nevertheless, the current EU financial system is not fit to support innovation: both public and private financing are mainly directed to mature industries; the existing

support for innovative companies is still too fragmented and fails to mobilise private sector co-investment consistently and in a sustainable way. Risk capital supply is inadequate in terms of expertise and size of funds.

1.3. The Commission should (through co-financing) stimulate Member States to adopt public procurement measures in order to speed up entry of new technologies, products, or, services to the market. The EU should change existing public procurement rules accordingly (at present the lowest cost proposals win) and develop the Lead Market Initiative (LMI).

1.4. The EU should continue to promote efforts to make investments in digital infrastructures, expanding broadband connectivity and supporting the deployment of next generation networks, as they are an essential pre-condition for enterprises to cluster and for clusters to network, accelerating the information flows across boundaries and allowing clusters to explore the potential to enter new markets/sectors with access to new ideas.

II. The Role of Clusters in Support of Emerging Industries

Recommendation 2:

Provide Information and Ensure Channels of Dissemination to Speed up the Adoption of New Technologies/Products/Services by Clusters

Justification

Clusters can provide a more structured and systematic access to knowledge on new industry and societal trends. Cluster managers, cluster organisations and the EU level can all play an important role in providing and channeling new information on industry trends to clusters.

Suggested Actions

2.1. The Commission can act as a provider of new information for European clusters. Currently information on future trends and foresight studies can be found on different EU platforms (EIT, FP7 and JTI). In order to support the development of emerging industries across European clusters, cluster organisations could be used to disseminate and leverage information from the different EU platforms.

2.2. The Commission's lead market initiatives should work with existing clusters to catalyse activities and become more meaningful. In addition, further demand side measures should be developed, and more competitive allocation of funds (similar to the US SBIR initiative) should be considered.

2.3. Clusters and cluster organisations should play an important role in the development of the strategic agenda of KICs. Their involvement would ensure meaningful collaboration and coordination between key actors:

academics, industrial research teams and companies thereby increasing the possibilities for new industry development.

2.4. The European Commission should encourage that the European Cluster Excellence Initiative include a case study on how cluster managers and cluster organisations can work with identifying and acting on new trends for supporting the development of new industries within clusters. The case study can be used as a learning case throughout Europe.

Recommendation 3:

Provide Incentives for the Creation of Platforms for Collaboration and Cross-fertilisation between Clusters

Justification

The emergence of new industries and services is driven by the renewal, transformation or intersection of existing economic activities – often within clusters. Typically, this natural evolution takes place over a longer time period. The creation of platforms for collaboration and cross-fertilisation between clusters can act as a catalyst to this evolution – serving as fertile ground for entrepreneurship, facilitating transfer of skills, encouraging experimentation, and speeding-up the process. Cross-fertilisation platforms should be to bring together competent actors with complementary expertise and encourage an openness to experiment with new innovation methods. Such platforms should be interconnected (across geographies¹² and sectors) in order to develop a network of platforms.

¹² The recommendation to link clusters across geographies is also proposed under theme #1 (Recommendation 2 – Promote Commercial and Strategic Networking of Clusters).

II. The Role of Clusters in Support of Emerging Industries

Cluster organisations and other networking platforms can serve as change agents and facilitators of this cross-fertilisation process by offering firms and knowledge institutions:

- a collaborative environment where SMEs and users can join efforts with other companies and knowledge institutions, leveraging their flexibility and entrepreneurial ideas together with the stability and more secure financing offered by larger organisations
- an open and neutral platform where participating organisations can experiment with new innovation methods (e.g. ethnographic practices and other user-driven innovation techniques), offering new opportunities with reduced risk for any of the individual actors
- a milieu that brings together multiple perspectives and skills (e.g. engineering, design, logistics, human resources), offering possibilities to turn old ideas into new concepts and knowledge-intensive services.

Suggested Actions

3.1. The EU should provide opportunities and incentives¹³ for the creation of platforms for collaboration and cross-fertilisation between clusters leading to new industry development. The platforms could be arranged around rather broad themes, where a trend of growing demand is evident due to societal challenges or business potential. Actions should encompass information dissemination, advisory support, networking events, and programmes to support thematic networking and partnerships among clusters.

3.2. The Commission should support regional/national policymakers in developing and disseminating good practices of support measures for emerging clusters in new industries.¹⁴

3.3. EU-level events should be organised to gather relevant stakeholders in specific themes (including cross-technology and cross-sectoral themes) and identify opportunities for strategic partnerships among different fields of expertise.¹⁵

3.4. The Commission (in collaboration across DGs) could launch or co-fund cluster programmes that are thematically focused and foster cross-fertilisation between different sectors aiming at new industry development.¹⁶

¹³ Examples of financial incentives to such platforms are described in "And the winner is..." in *The Economist*, August 7-13, 2010, Volume 296, Nr 9604.

¹⁴ VINNOVA's VINNVÄXT programme for emerging clusters – targeting industrial renewal through cross-fertilisation of existing clusters – was mentioned as one case example.

¹⁵ Events related to these themes could be organised around one or two specific "innovation signals" from global hot spots (e.g. some new business model for ICT-related clean tech from Silicon Valley). The Finnish Ministry of Employment and the Economy has been working with such cross-sectoral events and "signal sessions". Such events could be piloted on the European level.

¹⁶ The cluster module within BSR Stars is an example of this.

II. The Role of Clusters in Support of Emerging Industries

Recommendation 4: Adjust Cluster Support to Needs of Emerging Industries

Justification

For emerging industries or clusters supporting emerging industries, traditional policy instruments are less effective, as needs are different. In addition, regions are generally accustomed to analysing and working with existing areas of strength, but have less experience in identifying and working with new opportunity areas.

To support exploration of new needs or new concepts (involving cross-fertilisation between sectors, skills or geographies), different policy instruments are necessary. More mentoring and in-kind support, and financing instruments that encourage private sector involvement and support experimentation would meet the needs of emerging industries. Different analytical tools and technical support could help regions work in new ways.

Suggested Actions

4.1. Member States could adjust regional and national-level cluster programmes to target emerging areas of expertise.¹⁷ This would likely require adjustments to the strategic programme objectives, selection criteria and financing mechanisms.

The Commission could provide good practice experiences on how to implement these kind of programmes, and perhaps provide matching funding for Member States' "emerging industries" programmes.

4.2. Within DG Regio and the Structural Funds planning process, the Commission could provide regions with a methodology to analyse their cluster portfolio (e.g. key current clusters, possible emerging clusters in new industries, etc.) to help them identify opportunities.

4.3. The EU and Member States should develop financial instruments that provide easier/quicker access to smaller grants (conditional on private sector co-financing), with new funding tied to performance milestones.

4.4. In order to increase the knowledge on what drives the development of emerging clusters, the Commission could support studies on how (specifically) new industries emerge and how this is related to existing activities.

¹⁷ VINNOVA's "Vinnväxt Early Stages" programme is an example of working with clusters in emerging areas.

III. Raising the Excellence of Clusters and Cluster Organisations

Introduction

After many years of efforts (at Member State and EU levels) to develop clusters, the challenge today is to enhance the competitiveness and sustainability of existing and new clusters and foster their transformation into dynamic clusters with global reach.

Promoting cluster excellence by measuring and benchmarking cluster performance and the quality of cluster organisations is already an accepted practice. In addition, scientific-based approaches and methodologies are currently used to develop strategies and monitor progress of cluster initiatives.

The third task of the European Cluster Policy Group was aimed at formulating recommendations on how to raise the excellence of clusters and cluster organisations.

Recommendation 1: Offer Tools for Enhancing Excellence of Cluster Management

Justification

Even though clusters are natural phenomena and exist without organised cluster management, there are clear benefits to organising efforts within and between clusters in a more strategic manner. Cluster organisations function as “motors” to cluster initiatives – responsible for catalysing and facilitating action within and between cluster initiatives.

Cluster organisations/managers represent an important stakeholder group, and efforts should be made to ensure that this group is stimulated with appropriate

tools to ensure professionalism and continued improvements in practices. The ECPG acknowledges the European Cluster Excellence Initiative’s (ECEI) ongoing work to increase the excellence of cluster management through training, quality indicators, and peer assessment, and recommends a number of actions to build on the work of this project.

Suggested Actions

1.1. The European Commission and Member States should develop a methodological framework for benchmarking cluster organisations (based on existing benchmarking methodologies) to be used as a voluntarily tool by clusters to improve their competitiveness. Benchmarking should not be used as a pre-selection criteria for allocating EU funds (FP, structural or CIP).

1.2. The European Commission should ensure that training needs are addressed through the ECEI’s development of a range of training modules – targeting cluster management on different levels of expertise. (Additional customisation of training – addressing differentiated issues on a sectoral level – could be considered.)

1.3. The European Commission should organise a European Cluster Summit on a yearly basis (similar to the European Open Days, conceived by DG Regio and the EU Committee of the Regions), where different stakeholder groups (e.g. cluster companies, cluster managers, regional authorities, venture capital and other financial institutions, etc.) could meet, and where a European Cluster Excellence award could be given.¹⁸ Such a summit could address topics other than international cooperation.

¹⁸ A tradition for such an action has been started through the first European Cluster Conference 2010.

Recommendation 2:

Provide Comparable Data on Cluster-specific Framework Conditions¹⁹ and Methods for Evaluating Effectiveness of Cluster Programmes

Justification

Today, there is very limited comparable data on clusters – and even more limited comparable data on cluster-specific framework conditions. Different stakeholder groups have different needs and uses for data on clusters and cluster-specific framework conditions. Policy-makers have needs for understanding the general profile and economic geography in Europe, for assessing and evaluating specific clusters, and for assessing the effectiveness/impact of public actions in support of clusters. Cluster initiatives have needs for understanding strengths and weaknesses, and relative positioning (in their particular fields). Companies have needs for assessing investment and partnership opportunities in specific clusters.

To respond to the lack of limited comparable data on cluster-specific framework conditions and methods for evaluating effectiveness of cluster programmes, a number of actions are suggested.²⁰

Suggested Actions

2.1. The European Commission should launch pilot projects (within the context of the European Cluster Observatory) on identifying and collecting data on cluster-specific framework conditions in 2-3 cluster areas where the Commission is currently running programmes (e.g. aerospace, biotechnology, expansion of the BSR InnoNet

pilot life science study, etc.). These pilot projects should:

- a) Access a more heterogeneous set of data indicators
- b) Still focus on publicly available data
- c) Focus on indicators that can help policymakers prioritise among various cluster support schemes.

2.2. The European Cluster Observatory should engage (through voluntary self-assessments) cluster organisations in the benchmarking activities (mentioned in 2.1 above) to provide more in-depth data to the ECO where public data is not available.

2.3. The Commission²¹ should launch an EU-level working group on impact assessment aimed at:

- a) sharing experiences from evaluating cluster programmes at MS level
- b) making better use of impact assessment data collected in reports for EU-financed projects (e.g. Cluster-IP, Regions of Knowledge, etc.), and
- c) creating an approach for integrating data from different sources (e.g. economic outcomes/statistics, cluster-specific framework conditions, cluster initiative benchmarking).

¹⁹ This recommendation is related to “provide data on the real cluster landscape”, proposed in the policy recommendations for “Better Support to International Cluster Cooperation” (theme #1).

²⁰ A related document with suggested actions on this topic is the policy paper “Recommendations on how to work with fact-based cluster policy in the future”, submitted to DG ENTR as a conclusion to the ECA working area “Measuring the Economic Impact of Cluster Policies”, led by FORA on behalf of the BSR InnoNet project.

²¹ Supported by the TACTICS task force on “Evaluating Cluster Excellence” (led by TMG, and with a first task force workshop planned for March 2011).

III. Raising the Excellence of Clusters and Cluster Organisations

Recommendation 3:

Promote Policies for Improving Cluster-specific Framework Conditions

Justification

The excellence of clusters and cluster organisations is supported not only by specific activities to strengthen cluster management and strategic orientation, but perhaps more importantly by strong framework conditions. Framework conditions are important for the emergence, growth, excellence (and decline) of clusters. If clusters are already in place, certain specific activities (such as strengthening cluster management and strategic orientation, ensuring human capital is reinforced and social capital promoted, etc.) can help clusters to grow, internationalise, excel, etc.

However, these specific activities or policies for improving cluster-specific framework conditions can only be designed based on a prior assessment of characteristics, functioning and performance of various types of clusters in order to take into account the specific needs of the sector/industry in which a cluster operates.²² Depending on the identified needs, the cluster-specific mix of policy instruments (e.g. to enhance the level of linkages and mutual trust, to promote international linkages, demand-side policies, training policies, etc.) can be designed.

Given regional characteristics of clusters and clusters' diversity, cluster-specific policy instruments should be designed "bottom-up" in order to be effective – with EU-level policy action only adopted where there is strong evidence of significant added value.

Suggested Actions

To improve cluster-specific framework conditions, Member States should:

- 3.1.** Identify and collect data by cluster area, enabling the analysis of cluster-specific framework conditions.
- 3.2.** Identify which business environment conditions are of particular importance for specific cluster areas in order to improve policy measures in support of clusters.
- 3.3.** Measure the impact of policy measures enhancing cluster-specific framework conditions not only on cluster companies' performance, but also on the broader impact (through increased productivity and innovative capacity) on regional/national economy.
- 3.4.** Propose the establishment of an EU-level working group to develop an analytical framework for identifying the dynamics in the process of social capital formation on the basis of which the instruments/policy measures for increasing social capital within clusters could be effectively designed.

²² See Recommendation #2 of the same theme, above.

IV. Creating Better Synergies between Community Instruments for Cluster Excellence

Introduction

The goals of achieving higher levels of excellence and more world-class clusters in Europe require action in multiple policy fields. Existing policy initiatives stem from broad strategies for innovation and/or regional development, including strengthening firm competitiveness, leveraging research in innovation and commercialisation processes, and catalysing linkages and cohesion between regions. Consequently, they may fail to meet the needs of clusters in a truly integrated way.

DG Enterprise and Industry, DG Research, DG Regio and other parts of the Commission all run programmes that provide funding for clusters. The dispersion of programmes across DGs creates complexity in understanding the various objectives and activities that are funded. Cluster initiatives and company beneficiaries are required to face a multitude of contact points within the Commission, each with their own administrative procedures and demands. This leads to inefficiency and lower impact. Without coordinated actions, the effect of individual programmes may not only be less effective, but may also be counter-productive.

The fourth task of the European Cluster Policy Group was aimed at formulating recommendations on how to create better synergies between Community Instruments for Cluster Excellence.

Recommendation 1:

Streamline EU Funding for Clusters

Justification

Recent research on internationalisation of networks (and clusters) provides first indications that member companies of cluster organisations experience a low impact from involvement in European programmes/projects supporting international cluster cooperation (e. g. projects under PRO INNO EUROPE, CIP-NET, INTERREG, Regions of Knowledge, etc.).²³ This highlights a need for change – for assessing impact and consolidating existing programmes, for adopting more consistent and user-friendly administrative procedures, for coordinating cluster-related support among different DGs, and for assessing factors discouraging participation.

Suggested Actions

To address these needs for change, the ECPG suggests that the Commission:

1. Provide information on the scope and size of all cluster-related programmes funded by the EU; this would give a better sense of the role clusters currently play in EU programmes.
2. Streamline programmes by first assessing impact and abandoning programmes having a low impact on clusters. Focus on those programmes that deliver expected results (e.g. at firm, cluster organisation or regional/framework level), while ensuring that each programme effectively addresses a specific policy objective.

²³ Meier zu Köcker and Mueller (forthcoming 2010), *European Clusters Go International*.

IV. Creating Better Synergies between Community Instruments for Cluster Excellence

3. Assign a coordination role to a single DG (Enterprise & Industry would be the appropriate choice) to ensure consistency and complementarity among all relevant EU programmes targeting clusters, and to ensure that such programmes adopt a coherent set of practices. In particular, efforts should be made to:

- Regularly discuss possible synergies between various DGs' activities – enabling alignment and collaboration on many technical issues where differences across programmes are not a reflection of any deep difference in objectives and approach
- Unify application structure and procedures/rules
- Unify treatment of cluster organisations/intermediary organisations
- Simplify reporting procedures

Recommendation 2: Encourage Better Cluster Programmes in Member States

Suggested Actions

To encourage better cluster programmes, we suggest that the Commission:

4. Offer EU funding to co-fund Member States' cluster programmes addressing specific policy objectives – e.g. encouraging national programmes to fund participants from other countries, encouraging groups of countries (e.g. in macro regions) to organise joint cluster competitions, etc.
5. Provide EU funds to support specific activities in innovation, workforce development, internationalisation, and other areas – and not for cluster management.

Appendix

Members of the European Cluster Policy Group



Tea Petrin (Chair)

Professor of Economics and Entrepreneurship, Head of the Entrepreneurship Department at the Faculty of Economics, and a member of the Senate at the University of Ljubljana in Slovenia. Ms. Petrin was a visiting professor at the University of Massachusetts at Amherst and at the Haas School of Business, UC Berkeley. She was also a Fulbright professor at the Institute of International Studies at UC Berkeley and at the Centre for Industrial Competitiveness in the University of Massachusetts Lowell. In addition, she has been a guest lecturer at 18 universities in the United States, Europe and Japan. In Slovenia and former Yugoslavia, her papers and major works represent the very foundation of studies on small business and entrepreneurship and on active industrial policy. She holds a MA degree from Louisiana University in New Orleans and a PhD (Econ) from the Faculty of Economics, University of Ljubljana. In various roles, Dr. Petrin has acted as an Advisor to public administration institutions and governments, mainly in Slovenia, but as well for multilateral institutions such as UNDP/UNIDO, International Bank for Reconstruction and Development, and the European Commission / DG Enterprise. She worked as a professional in EUR FAO Rome (1994-1997). She is the former Minister for Economic Affairs (and later Minister of Economy) within the Slovenian Government (1999-2004). During her term she introduced new Industrial Competitiveness Policy and implemented the first Cluster Program as one of its key instruments. She was also Ambassador of the Republic of Slovenia to the Netherlands (2004-2008). She is the Vice-President of the Board of Advisors of The Competitiveness Institute and a member of the Academic Advisory Board of the European Forum of Entrepreneurship Research.



Norbert Buzás

CEO of Cogito Consulting and Associate Professor at the University of Szeged in Hungary. Dr. Buzás received his PhD (chemistry) and MSc (physics, environmental management) from the University of Szeged (Szeged, Hungary) and a MBA from the Newport International University (Laramie, USA). Norbert Buzás started his career as a research fellow working at the University of Szeged, Technical University of Vienna, VUB University of Brussels and the University of Palermo. He has served as the intellectual property director of a biotech company and as a tech transfer officer at the largest Hungarian university. Dr. Buzás has more than 50 papers published in scientific journals and he is the author of two books and four university textbooks.



Constantin Christofidis

Head of the Innovation & Competitiveness Department at the European Investment Bank in Luxembourg. Mr. Christofidis joined the Bank's Technical Advisory Services in 1983 as a chemical industry expert. As Head of the Chemical Process Industry Division within the Industry Department (1992), he was responsible for the appraisal of projects in the oil, petrochemical and pharmaceutical sectors. In 2000, he was appointed Director of Industry and Services Department within the Projects Directorate, with responsibility for the Process, Life Science and Manufacturing Industries, and the Business and Social Service (Human Capital) sectors. He holds a M. Phil. in Chemical Engineering from the University of London. Before joining the Bank he worked in private-sector industry in Greece.



Maciej Dzierżanowski

Head of the Enterprise and Innovation Research Area at the Gdańsk Institute for Market Economics in Poland – one of the Polish think-tanks active in research and public policy recommendations. Mr. Dzierżanowski has been involved in the research, policy advice and implementation projects, particularly in the field of innovation systems, innovation policy, clusters and technology transfer, as well as venture capital, corporate governance and capital market regulation. He is co-author of recommendations for both national and regional cluster policies in Poland and involved also in piloting several cluster initiatives in the Pomerania region. He was also involved in the proceedings of the Northern Cluster Alliance, which considered development of transnational cooperation and cluster networks in the Baltic Sea Region.

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Juan Manuel Esteban

Coordinator of the Basque Country Cluster Policy, and the former President of The Competitiveness Institute. Mr. Esteban has a degree in economics from Deusto University (graduating in 1976). Since 1982, he has been a civil servant of the Basque Government, working in industrial, commercial and touristic policy making. Since 1999, he has served as Coordinator of the Basque Country Cluster Policy within the Department of Industry of the Basque Government. From 2007-2009, he served as President of "The Competitiveness Institute" (TCI) – the global practitioners' network for competitiveness, clusters and innovation.



Libor Friedel

Managing Director of the Centre of Applied Economic Research at Tomas Bata University in Zlin, Czech Republic. Mr. Friedel graduated from the Technical University of Brno (1987), and received a MBA from Sheffield Hallam University (2000). He was involved as a trainer and consultant for strategic management, performance management, benchmarking, intellectual capital, etc. for more than 15 years. He is also trained as a cluster facilitator. Since March 2008, Mr. Friedel has worked as Director of the Centre of Applied Economic Research, where he focuses on intellectual capital, clusters and regional development – with a particular focus on performance and measurement issues. He is also co-author of the book of a recent (January 2009) book on clusters published in the Czech Republic.



Christian Ketels

Senior Research Fellow at the Stockholm School of Economics in Sweden and Principal Associate at the Institute for Strategy and Competitiveness at Harvard Business School. In addition, he is currently a Board Member of The Competitiveness Institute, a not-for-profit global network of cluster practitioners and researchers. Dr. Ketels holds a PhD (Econ) from the London School of Economics and further degrees from the Kiel Institute for World Economics and Cologne University. He has led cluster and competitiveness projects in many countries and been a consultant to the World Bank, OECD, EU, NIB, UNIDO and a number of national governments. He is advisor to research institutions and government agencies in Europe, the Americas, Africa and Asia, and among the authors of the World Economic Forum's Global Competitiveness Report.



Pierre Laffitte

Honorary Senator for the Alpes Maritimes region, Founder of the Sophia Antipolis and of the International Association of Science Parks, and President of the Sophia Antipolis Foundation in France. Sophia Antipolis is the most successful park created *ex nihilo* in Europe. Pierre Laffitte was Senator of France from 1985 to 2008, and has recently been given a mission by the French President to develop innovation in the Mediterranean Rim. Among his other functions he is: President of the Franco-German Association for Science and Technology, member of the Royal Swedish Academy of Engineering Sciences, and member of the Board of France 5 (a French broadcaster). Senator Laffitte is alumni of the French Grandes Ecoles: *Ecole Polytechnique* and *Ecole des Mines de Paris*. Senator Laffitte is also Doctor Honoris Causa of the Open University, UK, and of the Colorado School of Mines; Officier de la Légion d'Honneur et de l'Ordre du Mérite. He has been selected for the de Gaulle-Adenauer Prize; and as a member of the Ehrenkreuz of Bavaria.

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Finn Lauritzen

Director General of the Danish Enterprise and Construction Authority (DECA) in Copenhagen (since 2006). DECA is a part of the Ministry of Economics and Business Affairs, and the Authority has several fields of responsibility, including: enterprise, construction, housing, regional and international trade policies. Before working at DECA, Mr. Lauritzen was Director General for the Danish Competition Authority (between 1997-2006). Mr. Lauritzen is presently active in the OECD Committee on Industry, Innovation and Entrepreneurship as a member of the Bureau. From 2004 to 2006, he was Deputy Chairman in OECD's Competition Committee. Mr. Lauritzen has a Masters degree in economics and has taught different courses in economics at the University of Copenhagen.



Bruno Lindorfer

Managing Director of the Upper Austrian Technology and Marketing Company (TMG), where he has been responsible for business area Innovation & Technology since Oct. 2008. Mr. Lindorfer studied at the Technical University Vienna, Austria, and holds a Master in mechanical engineering. He has long-term professional management experience in industry and industrial research, having held leading positions at the VOEST-ALPINE, ENGEL-Maschinenbau and SIEMENS VAI Metals Technologies, in particular in the fields of research, technology, engineering and innovation. Bruno Lindorfer has been actively engaged in the Upper Austrian cluster policy for many years, and has been active in several strategic groups at the regional and national Austrian level and at the European Commission level.



Gerd Meier zu Köcker

Director General of the Agency Competence Networks Germany. Dr. Meier zu Köcker completed his PhD in Material Science in 1995 and took over the Department for International Technology Transfer within the Federal Institute for Material Research and Testing (BAM), where he was involved in various measures dedicated to innovation, competitiveness and international technology transfer. Since 1999, he has worked for VDI/VDE Innovation + Technik GmbH remaining active in the same field. As the Director of the Agency Competence Networks Germany, he is responsible for the successful management of the Initiative on behalf of the Federal Ministry of Economics and Technology (BMWi), which supports outstanding regional networks and clusters.



Charlotta Mellander

Research Director at the Prosperity Institute of Scandinavia at Jönköping International Business School in Sweden, and collaborates closely with Professor Richard Florida and Dr Kevin Stolarick at the Prosperity Institute in Toronto. Dr. Mellander earned a Ph.D. in economics at Jönköping International Business School. Her dissertation examined regional attractiveness, the urbanization process, the importance of cities, and the relationship between the service sector and the market. Dr. Mellander is affiliated with the Martin Prosperity Institute at the Rotman School of Management, University of Toronto, and CESIS (Centre of Excellence for Science and Innovation Studies) under the Royal Institute of Technology, Stockholm.



Andrea Moltrasio

Vice President of the Confederation of Italian Industry (Confindustria), responsible for Europe. He is also CEO of Icro Coatings S.p.A., a medium-size chemical enterprise located in the Bergamo area (Lombardy, Italy) and part of one of Europe's most dynamic and innovative chemical industry clusters. Mr. Moltrasio is also active in the health sector, serving as Chairman and Managing Director of one of the oldest private hospitals in Italy, the Clinica Castelli S.p.A. In addition, he is on the Board of RCS MediaGroup, of UBI Banca, and President of BergamoScienza (an international science festival). Mr. Moltrasio holds a degree in Chemical Engineering from Politecnico di Milano and a Master of Business Administration from Santa Clara University (CA, USA).



Sir Howard Newby

Vice Chancellor of the University of Liverpool in the United Kingdom. Sir Howard was previously Vice-Chancellor of the University of the West of England (UWE) in Bristol, having previously spent five years as the Chief Executive of the Higher Education Funding Council for England (HEFCE). He was Vice-Chancellor of the University of Southampton (1994-2001) and was previously Chairman and Chief Executive of the Economic and Social Research Council (ESRC). From 1999-2001, Sir Howard was President of Universities UK, the UK body which represents the university sector. He was made a CBE in 1995 for services to social science and received a knighthood in 2000 for services to higher education. Sir Howard was formerly a Professor of Sociology in both the UK and USA.



Neville Reyner

President of the British Chamber of Commerce. Mr. Reyner has held positions at both Mitsubishi Electric Europe and Mitsubishi Semiconductor. Currently, he is Chairman of Exemplas Holdings Ltd, Chairman of Anglia Components Ltd, Chair of the Clydesdale Bank in St Albans and a Director of Pera International. In addition to his position at the BCC, Mr. Reyner is Vice President of Euro Chambre and a Board member of the UK India Business Council (UKIBC). He also sits on the BERR Small Business Council and Regional Economic Council and holds the award of honorary Doctorate from the University of Hertfordshire. Neville has a BSc degree in Electrical and Electronic Engineering from Leeds, and a Masters Degree in Business Administration MBA from Cranfield.



Antoni Subirà

Professor at IESE Business School at the University of Navarra and former Minister of Industry, Trade and Tourism of the Catalan government in Spain. Prof. Subirà is also Chairman of the Advisory Board of The Competitiveness Institute (TCI), Chairman of the Clusters and Competitiveness Foundation (CCR), and is a member of the Advisory Board of Mercapital. While working in the Catalan government, he developed an industrial policy that was executed through the pioneering use of the cluster methodology. He also served on the European Commission Expert Committee chaired by Mr. Esko Aho, who produced the "Creating an Innovative Europe" report (the Aho report). Antoni Subirà is Doctor in Industrial Engineering from the Engineering School of Terrassa, Spain and Master of Science from MIT.

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Jean-Marc Thomas

Executive President and Managing Director of Airbus France. In 1973, he started his career with "Aerospatiale" (future EADS) and worked for 16 years as an Engineer in Research and Development. In 1991, he became Head Engineer of Programs A319/A320/A321 and finally, Managing Director of "Aerospatiale", in 1999. In 2002, he was nominated as General Secretary of "Airbus France" and Director of the Toulouse plant, followed in 2005, as General Manager of "Airbus France". Finally, in 2007 he became Executive President and Managing Director of "Airbus France" while continuing to ensure the management of the Toulouse plant. At the same time (in 2005 and 2008), Mr. Thomas was elected Chairman of Aerospace Valley and of the "Aeronautical and Space Research Foundation".



Rene Tõnnisson

Founding and Executive Board Member of the Institute of Baltic Studies in Tartu, Estonia. He has gained significant experience in innovation management and cluster development while being member of executive boards of Tartu Science Park, Tartu Biotechnology Park, Baltic Innovation Agency and Connect Estonia. He has been responsible for wide range of cluster, innovation, technology and business related activities. He has acted as cluster policy expert within several regional innovation strategy projects in many countries in Europe but also in China and India. Rene Tõnnisson holds a Masters degree in Public Administration and Policy from University of Tartu, Estonia and Certificat d'Etudes Politiques from Institut d'Etudes Politiques de Strasbourg (Sciences Po), Université de Robert Schuman.



Antti Valle

Head of Division within the Innovation Department of the Ministry of Employment and Economy in Finland, where he is responsible for policy on innovation environments and networked innovation communities (including the Centres of Expertise Programme and the network of FinNode innovation centres in China, USA, Japan and Russia). Mr. Valle also chairs the innovation working group of the Finnish-Russian Economic Commission. Previous positions include Director of Regional Development at the Ministry of the Interior, the European Commission, and as an expert in OECD reviews on regional competitiveness. Antti Valle holds a Masters in Public Administration, with a specialisation in regional studies.



Willem Zwolve

Director of NL Innovation, and Deputy Director of Agency NL, within the Dutch Ministry of Economic Affairs. In 1981, Mr. Zwolve, MSc graduated with honours from the University of Twente at the faculty of Mechanical Engineering. He started his career at the Ministry for the Environment where he held a position of Policy Adviser and worked at different policy issues dealing with emissions. In 1990, he transferred to the Ministry of Economic Affairs, where he was consecutively manager of the departments of Energy and Environment, Technology and International Affairs. He later became Director of Innovation at SenterNovem and Acting General Director of the whole organization (now Agency NL). In addition, he holds the position of Director of the Strategic Innovation Programmes Department.

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Consolidated Set of Policy
Recommendations on Four Themes

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